DOCUMENT RESUME

ED 211 781 CE 031 065

AUTHOR Shapiro, Norma
TITLE Getting Down to Business: Secretarial Service, Module 18. Teacher Guide. Entrepreneurship Training Components.
INSTITUTION American Institutes for Research in the Behavioral Sciences, Palo Alto, Calif.
SPONS AGENCY Office of Vocational and Adult Education (ED), Washington, D.C.
PUB DATE May 81
CONTRACT 300-79-0535
NOTE 27p.; For related documents see CE 031 026-101 and CE 031 324.
AVAILABLE FROM Wisconsin Vocational Studies Center, 964 Educational Sciences Bldg., Madison, WI 53706 (Order No. ETC100L2, $3 00. 25% discount on 100 or more of same title. Complete set--ETC100--$200.00).

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Administrator Role; Advertising; *Business Administration; *Business Education; *Business Skills; Financial Support; Information Sources; Learning Activities; Learning Modules; Money Management; Recordkeeping; Salesmanship; Secondary Education; *Secretaries; Teaching Methods
IDENTIFIERS *Entrepreneurship; *Small Businesses

ABSTRACT

This is the eighteenth in a set of 36 teacher guides to the Entrepreneurial Training Modules and accompanies CE 031 064. Its purpose is to give students some idea of what it is like to own and operate a secretarial service. Following an overview are general notes on use of the module. Suggested steps for module use contain suggestions on introducing the module, a brief discussion of the nine units, responses to learning activities, suggestions for summarizing the module, and responses to the quiz. The units are Planning a Secretarial Service; Choosing a Location; Getting Money to Start; Being in Charge; Organizing the Work; Setting Prices; Advertising and Selling; Keeping Financial Records; and Keeping Your Business Successful. Each unit contains a case study; responses to individual activities; responses to discussion questions; and a group activity. Suggested readings for the teacher and a list of goals and objectives complete the module. (CT)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

Entrepreneurship Training Components

.etc

AMERICAN INSTITUTES FOR RESEARCH IN THE BEHAVIORAL SCIENCES P.O. Box 1113. 1791 Arastradero Road. Palo Alto. California 94302

ED211781

GETTING DOWN TO BUSINESS:

Secretarial Service

Module 18

Teacher Guide

CE031065

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

C. Kaplan

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

The information reported herein was obtained pursuant to Contract No. 300-79-0535, Office of Vocational and Adult Education, U.S. Education Department. Contractors undertaking such projects under government sponsorship are encouraged to document information according to their observation and professional judgment. Consequently, information, points of view, or opinions stated do not necessarily represent official Education Department position or policy.

GETTING DOWN TO BUSINESS:

Secretarial Service

Norma Shapiro

May 1981

Developed at the American Institutes for Research
under support from the
Office of Vocational and Adult Education
U.S. Department of Education

TABLE OF CONTENTS

Overview 1

Suggested Steps for Module Use 4

Introduction 4

Unit 1 5

Unit 2 6

Unit 3 7

Unit 4 8

Unit 5 10

Unit 6 12

Unit 7 13

Unit 8 15

Unit 9 16

Summary 18

Quiz 19

Suggested Readings 20

Goals and Objectives 21

OVERVIEW

The purpose of these Getting Down to Business modules is to provide high school students in vocational classes with an introduction to the career option of small business ownership and to the management skills necessary for successful operation of a small business. Developed under contract to the Office of Vocational and Adult Education, U.S. Department of Education, the materials are designed to acquaint a variety of vocational students with entrepreneurship opportunities and to help reduce the high failure rate of small businesses.

As the students become familiar with the rewards and demands of small business ownership, they will be able to make more informed decisions regarding their own interest in this career possibility. It is hoped that, as a result of using these materials, some students will enter small business ownership more prepared for its challenges. Others will decide that entrepreneurship is not well suited to their abilities and interests, and they will pursue other career paths. Both decisions are valid. The materials will encourage students to choose what is best for them.

These Getting Down to Business modules are designed to be inserted into ongoing high school vocational programs in the seven vocational disciplines--Agriculture, Distributive Education, Occupational Home Economics, Business and Office, Trades and Industry, Technical, and Health. They will serve as a brief supplement to the technical instruction of vocational courses, which prepare students well for being competent employees but which generally do not equip them with skills related to small business ownership. The modules are self-contained and require a minimum of outside training and preparation on the part of instructors. Needed outside resources include only those types of materials available to all students, such as telephone directories, newspapers, and city maps. No special texts or reference materials are required. For further optional reading by instructors, additional references are listed at the end of the Teacher Guide. An annotated Resource Guide describing especially valuable entrepreneurship-related materials is also available.

The purpose of this module is to give students some idea of what it is like to own and operate a secretarial service. Students will have an opportunity to learn about the kinds of activities and decisions a secretarial service owner is involved in every day. While the module is not a complete "how-to" manual, the individual activities provide your class with the chance to practice many of these activities and decisions.

Today, owners of small businesses face many problems--some minor, some not so easily taken care of. These problems are reflections of the changes our society is going through. While this module cannot address itself to all of them, the discussion questions at the end of each unit are designed to give students an opportunity to explore possible solutions.

You may want to present this module after completing Module 1, Getting Down to Business: What's It all About? Module 1 is a 16-hour program covering a more in-depth approach to owning any small business. The terms introduced in Module 1 are used in this module with a restatement of their definitions. Also, the forms used are the same, with some minor changes to fit the secretarial service business specifically. Module 1 provides an introduction to owning a small business in addition to some skills and activities that, due to their general nature, are not covered in this module.

Content Organization

Each unit of the module contains the following:

1. Divider Page--a list of what the student should be able to do at the end of that unit.

2. Case Study--an account of a business owner in the field.

3. Text--three to four pages outlining business management principles introduced in the case study but focused more on the student.

4. Learning Activities--three separate sections, including:

   a. Individual Activities--finding information given in the text or applying information in the text to new situations.

   b. Discussion Questions--considering broad issues introduced in the text; several different points of view may be justifiable.

   c. Group Activity--taking part in a more creative and action-oriented activity; some activities may focus on values clarification.

General Notes on Use of the Module

Instructional Time:	Each unit = 1 class period; total class periods	= 9
	Introduction, quiz, summary	= 1
	Total instructional time	= 10 class periods

The case study and text are central to the program's content and are based on the instructional objectives appearing in the last section of this Guide. Learning activities are also linked to these objectives. You will probably not have time, however, to introduce all the learning activities in each unit. Instead, you will want to select those that appear most related to course objectives, are most interesting to and appropriate for your students, and are best suited to your particular classroom setting. Certain learning activities may require extra classroom time and may be used as supplementary activities if desired.

Before presenting the module to the class, you should review both the Student and Teacher Guides and formulate your own personal instructional approach. Depending on the nature of your classroom setting and the students' abilities, you may want to present the case study and text by instructional means that do not rely on students' reading--for example, through a lecture/question-answer format. Case studies and certain learning activities may be presented as skits or role-playing situations.

No particular section of the module is designated as homework, but you may wish to assign certain portions of the module to be completed out of class. You may want students to read the case study and text in preparation for discussion in the next class period, or you may want them to review the material at home after the class discussion. You may also prefer that students read the material in class. Similarly, individual activities may be completed in class or for homework. Discussion questions and group activities are specially intended for classroom use, although some outside preparation by students may also be needed (for example, in the case of visiting a small business and interviewing the owner).

Methods that enhance student interest in the material and that emphasize student participation should be used as much as possible. Do not seek to cover material exhaustively, but view the course as a brief introduction to entrepreneurship skills. Assume that students will obtain more job training and business experience before launching an entrepreneurial career.

The quiz may be used as a formal evaluation of student learning or as a self-assessment tool for students. Answers to learning activities and the quiz are provided in a later section of this guide.

SUGGESTED STEPS FOR MODULE USE

Introduction (10-15 minutes, or integrate within first hour of Unit 1))

I. In introducing this module, you might wish to find out what students already know about the secretarial service business.

- What kinds of services does a secretarial service provide (e.g., filling typing requests, providing secretaries for clients who need them for a short time)?
- Where are these secretarial services offered (e.g., businesses, doctors' offices, private individuals)?
- What is a temporary employment service (e.g., for nurses, bookkeepers)? What need does such a service address (e.g., fill temporary personnel needs)?

II. Discuss small businesses briefly. Over 90% of all businesses in the United States are small businesses. In this module we will be dealing with very small businesses, meaning a self-employed owner working alone or with one to four employees. Often small businesses are owned and run by members of a family.

III. Discuss the purposes of the module:

- To increase students' awareness of small business ownership as a career option.
- To acquaint students with the skills and personal qualities secretarial service business owners need to succeed.
- To acquaint students with the kind of work small business owners do in addition to using their vocational skills.
- To expose students to the advantages and disadvantages of small business ownership.

IV. Emphasize that even if students think they lack management aptitudes, some abilities can be developed. If students "turn on" to the idea of small business ownership, they can work at acquiring abilities they don't have.

Also, students who work through this module will have gained valuable insights into how and why business decisions are made. Even if they later choose careers as employees, they will be better equipped to help the business succeed because of their understanding.

Unit 1 - Planning A Secretarial Service (1 class period)

I. Vocabulary:

call director	word processing
switchboard	direct mail
client	notary public

Case Study: Teresa Scully talks about opening Error-Free Secretarial Service. She tells how owning your own business is different from being a secretary.

Text: What Does a Secretarial Service Do?
Who Will Come to You?
Is There Room for You?
Are You the Type?
How to Compete Well--or, Service Is the Name of the Game
Getting People to Come Back to You
Legal Requirements

Optional Points to Present:

- Discuss the idea of a service business. How important is one's attitude toward the client?
- Discuss the importance of getting copy ready on time.
- If at all possible, invite an owner of a secretarial service to come to speak to the class. Providing a role model with personal experience is an invaluable learning tool for students.

II. Responses to Individual Activities

1. a, b, c
2. Typing, using reference materials like the dictionary and style manuals, running a small business, etc. Other answers may be appropriate.
3. A secretary is not concerned with how to keep the business successful and usually does not have to make many administrative decisions. An owner has many more aspects that he or she is responsible for, etc.
4. You could work for an office that needs a secretary or work for a temporary employment agency.
5. Answers will vary. Possible responses are: helpful--c, g, h, j, m, n, q, r, s, t, u, x, z; not helpful--a, b, i, k, l, o, p, v, w; and won't matter--d, e, f, y.

III. Responses to Discussion Questions

1. There is much more responsibility. Many times you must work long hours, and there is no steady paycheck, etc. Other

answers are appropriate. Encourage students to discuss the negative aspects.

2. This statistic shows that many people are not happy being secretaries; therefore, businesses may have a difficult time finding secretaries. This fact will help secretarial services, as businesses will look for outside help in getting their paperwork done.

3. Answers will vary. Many businesses like their secretaries, and therefore the people performing their secretarial services, to be women. This view, however, is changing.

IV. Group Activity

You may have to plan ahead for this activity. You may schedule it at any time during the module. Guide students in developing a comprehensive list of questions on all nine units.

Unit 2 - Choosing a Location (1 class period)

I. Vocabulary: copy service
Chamber of Commerce

Case Study: Teresa talks about choosing a city and picking a good spot in that city. She talks about the importance of a convenient location.

Text: You Come First
Next, Comes the City
And Last, the Right Spot within That City

Optional Points to Present:

- Stress the importance of choosing a good location. See if students can point out businesses in your area that have failed because of poor location.

- Ask students how long they think it might take to find a good location.

II. Responses to Individual Activities

1. b

2. Checking the want ads tells you if businesses need secretaries. If they do, they could possibly use a secretarial service.

3. Businesses that use a lot of paper are: all types of schools; banks; stock companies; insurance companies; drug companies; research firms; etc.

4. b

III. Responses to Discussion Questions

1. This activity may take as long as one class period. Encourage students to do some research outside class. You may have to provide some background information to students regarding the population and growth patterns of local towns (see almanac or census figures). The amount of new construction underway in a town is an indication of growth.

2. Encourage students to defend their answers.

IV. Group Activity

Student answers will vary according to their own individual beliefs. Tell students there is no one correct answer.

Unit 3 - Getting Money to Start (1 class period)

I. Vocabulary: loan officer
profit statements
competition
the "fudge factor"

Case Study: Teresa talks about beginning a simple operation. She talks about expanding the business and going to see a loan officer at a bank to open her new office.

Text: The Business Description
The Business Description That Got Teresa Her Money
Just How Much Money Will You Get?

Optional Points to Present:

- Emphasize that this is a very simplified version of what getting a loan entails.
- You may also want to talk about a personal resume, which is not covered in this section.
- Inviting a loan officer to speak to the class if possible would give students first-hand experience.

II. Responses to Individual Activities

1. Encourage students to think about their own secretarial service. Give them time to come up with an interesting name. Allow students time to share their business descriptions.

2. The statement of financial need should correlate to the business description. Figures used should fall in the ranges presented in the text.

III. Response to Discussion Question

Answers will vary. Students should be made aware of the following. Most businesses don't show a profit for at least six months to a year, so it would be unwise for Tai to guarantee her uncle money within six months. The bank offer is probably the best choice that Tai has. She will, however, have to show the bank that she is willing to take a risk also and will have to use about half of her savings to get the loan.

IV. Group Activity

Answers will vary. Being prepared is important. Dressing professionally is important. Collecting all your information, organizing it, and reading it over one more time will help. Thinking about your options ahead of time if the loan doesn't come through helps.

"Loan applicants" should evaluate themselves on their poise, knowledge about their business, and logical presentation of their plan. "Loan officers" should analyze whether they asked all the appropriate questions, did a good critical analysis of the information, and acted in a professional but friendly manner.

Unit 4 - Being in Charge (1 class period)

I. Vocabulary: benefits
salary

Case Study: Teresa talks about hiring part-time help. She tells how difficult it was for her to interview people. She also talks about the general office atmosphere.

Text: Hiring People to Work for You--a Big Change
Communication Is the Key
What Do You Need?
Eeny-Meeny-Miny-WHO?
Training the New People

Optional Points to Present:

- Stress that being a boss is more than hiring workers. It's also training, managing, and communicating with them. It means encouraging them, promoting them, and sometimes firing them.

- Good hiring is being able to tell people what you need.

- Discuss good and bad bosses the students have had. What makes a boss good? bad?

II. Responses to Individual Activities

1. Advertising, bookkeeping, hiring, training people, dealing with angry clients, etc.

2. Private employment agencies, want ads in newspapers, bulletin boards, and business schools.

3. Discuss the disadvantage of having people "drop in" without calling first. It may be an advantage, however, to have people know your location so that they will know how far they will have to travel.

4. Yes--applicants should know a bit about you so they'll know if they fit in.

5. Winter Burns is probably the best choice. He has the best typing and has had experience with college papers. His part-time school schedule would probably fit in well with the typing job. John Olmstead had a low typing speed and has health problems that may affect his attendance at work. Martha Sanchez's poor spelling may be a liability. Also, she really wants a full-time job, whereas Teresa advertised for a part-time person.

III. Responses to Discussion Questions

1. Answers will vary. Discuss the problems of sexual stereotyping.

2. Encourage students to talk about jobs they have had and employers who were particularly good.

3. Possibilities are: give him a raise; make him a supervisor; talk to the other typists about their work; etc.

IV. Group Activity

Here are some "dos" and "don'ts."

Do: give a warning--be specific about what you don't like
tell the person why he or she is being fired
give some termination pay
let the person know in private
be nice but firm

Don't: discuss it with anyone else
let your fired employee train his or her replacement
let the employee talk you out of it

Unit 5 - Organizing the Work (1 class period)

I. Vocabulary:

labor-intensive	stock (of paper)
customer accounts	edit
copy	proofread

Case Study: Teresa talks about what makes a secretarial service good. She talks about organizing the work.

Text: When the Work Comes In
Completing the Work Order Form
Who's Going to Do It?
And Finally...

Optional Points to Present:

- Ask students what they think would be the most difficult part of organizing work coming into a secretarial service.
- Ask students what they feel is the easiest kind of typing to do.

II. Responses to Individual Activities

1. b
2. A person who signs a work order form understands that he or she is agreeing to that work. This lessens the chance of mistakes.

3. Error-Free Secretarial Service

"Our Name Says It All"

Name Jim Marcello, M.D.

Address 5549 Tree Lane Drive, El Paso, TX

Telephone 896-8849 Date/Time Rec'd May 2/4:00 pm

Final? X or Rough? _____

Spacing: Single X Double _____ Triple _____

Paragraphs: Indented or block? Indented

Type Style: San serif elite

Margins: 10/70

Proofread? No

Underline or Italics? Italics

SPECIAL INSTRUCTIONS: Due May 4
Footnotes at bottom of each page, not at end of report
If there are any questions regarding style, call Dr. Marcello

James Marcello, M.D.
Signature

4. Responses should be similar to the following: a) 1 hour; b) 2 hours; c) 1 hour; d) 5 hours.

III. Responses to Discussion Questions

1. Encourage students to express their opinions. Even though there was an agreement beforehand, this is an example of how "mistakes in communication" can occur. Point out that most secretarial services have the attitude that the customer is always right. On extremely large orders, there may be some compromise in which the customer would pay a certain percentage for corrections.

2. Owning your own secretarial service means that you do not have to do all the work that is presented to you and can turn down work for any reason.

IV. Group Activity

Writing out the weekly payroll checks would take approximately half an hour. Calling a Yellow Pages ad consultant could take anywhere from 10 minutes to 45 minutes. Dealing with an angry customer who wants his letters retyped could take anywhere from 5 minutes to 20 minutes. Talking with one of your typists who came in late could also take from 5 minutes to 20 minutes. Meeting with the tax consultant about getting a better tax break could take from half an hour to several hours. Reading the morning mail could take from 5 minutes to 15 minutes. If all this happened in one day, the customer should come first, the late employee second, and the payroll third. These all should be done that day. Calling the Yellow Pages ad consultant, meeting with the tax consultant, and reading the morning mail could be put off.

Unit 6 - Setting Prices (1 class period)

I. Vocabulary:

"in the red"	cost-per-hour
"in the black"	depreciation
break-even analysis	profit
the "going rate"	

Case Study: Teresa talks about why she no longer charges by the page. She talks about her break-even analysis.

Text: What Are People Willing to Pay?
The Break-Even Point
Things That Make the Price Go Up
Things That Make the Price Go Down

Optional Points to Present:

- Explain to students why there are only 145 billing hours in a month.
- You may want to discuss other hidden costs.
- Pricing is very complex. The state of the economy, supply and demand, and competition from larger companies can change pricing considerably. Nonetheless, knowing one's break-even point helps in planning pricing.

II. Responses to Individual Activities

1. Most secretarial services have stopped charging by the page because it is difficult to estimate how long it will take to type a page. A lot depends on the handwriting and the complexity of the work.

2. The break-even point is how much money a business needs to take in (in an hour, a month, etc.) to cover its expenses, without any profit.

3. Teresa divided her cost per hour of $32 by four because she had four typewriters. She wanted to know how much each machine had to bring in to break even--that is, the minimum rate she could charge for each typist per hour.

4. Theft, bad accounts, and depreciation are "expenses" that have to be counted even though they are not bills.

5. You should charge more for special services because they are out-of-the-ordinary and take up more of your time. You can probably get more money for these services, since many agencies may not offer them.

III. Responses to Discussion Questions

1. It would probably not be a good idea to lower your rates just for one month. You would end up losing quite a bit of money. You might want to do extra advertising that month or offer a few special discounts--e.g., for students only.

2. You could justify asking for more money if you offered special services such as typing in a foreign language. You could charge less to attract clients.

3. Your price could go up because of general inflation. Rising costs probably would have to be passed on to your clients. If you had to pay more for typists who could do specialized typing, you could also charge higher prices, etc.

IV. Group Activity

a. The break-even point for each machine is $6.10.

b. Students should take into consideration the inflation rate and the fact that thay could probably charge more for doing legal work. Have students defend their answers.

Unit 7 - Advertising and Selling (1 class period)

I. Vocabulary: direct mail
reciprocal trade agreement
goodwill
advertising media

Case Study: Teresa talks about setting up her Yellow Pages ad. She also talks about keeping a tally of how people hear about Error-Free.

Text: What Kind? Where?
The Yellow Pages
Direct Mail and Personal Contact
The Writing on the Wall
Goodwill
How Much Money Does It Take?

Optional Point to Present:

- Bring in your telephone book with the Yellow Pages. Show students the ads for secretarial services. Ask them what makes them unique. What different images are the ads trying to project? Ask students which ads would appeal to a doctor? a big insurance company? a small real estate company? Are any of the ads geared toward men, women, students?

II. Responses to Individual Activities

1. The five parts of an ad are the headline, the illustration, the copy, the layout, and the identification.

2. Students should include the five main parts in their ads. Ads should be simple, attractive, informative, and "catchy." The illustration should project an image that will appeal to the targeted customers (students, doctors, lawyers, etc.). The most important information should be most prominent in the ad. The ads should also have a certain amount of "white space." Overly cluttered layouts are unappealing to readers and tend to confuse them regarding what information is important. In summary, ads should be creative and organized.

3. Have students share what they have learned about different prices for different sizes of ads.

4. The Yellow Pages, fliers, having a grand opening, etc.

III. Responses to Discussion Questions

1. Allow classroom time to come up with really interesting ideas. Discuss costs of different ideas that students suggest.

2. Both Shelitha and Ramon should use the prices quoted for the Yellow Pages ad in the largest city. Besides taking out an ad in the Yellow Pages, they can also send out fliers, have a grand opening, etc.

IV. Group Activity

Answers will vary, depending on ads examined and students' perceptions. Try to point out as many themes as possible.

Unit 8 - Keeping Financial Records (1 class period)

I. Vocabulary: credit
credit billing
itemize
daily cash sheet

Case Study: Teresa talks about doing the books. She tells how her typists record the time spent on a project. She talks about credit and one-time-only clients.

Text: How to Bill
Keeping Track of the Work
Easy Come, Easy Go--the Daily Cash Sheet

Optional Points to Present:

- Tell students that the unit covers two forms of financial recordkeeping, You may want to list other types of records.
- You may want to discuss the duties of a bookkeeper and the advantages and disadvantages of having one.

II. Responses to Individual Activities

1. The reason Teresa doesn't give credit to first-time customers is probably because she is not sure that they will pay their bill.

2. Teresa records time in 15-minute intervals because it's more accurate. If she were charging 14 dollars an hour 15 minutes would cost $3.50.

3.

CUSTOMER BILLING FORM

Customer: Luis Santo

Date	Description of Work	Amount Charged	Payment Received	Balance Due
5/4	Typing Master's Thesis 6.5 hrs @ $14/hr	$91		$ 91
5/5	Master's - 7.0 hrs	98	---	189
5/8	Master's - 5.5 hrs	77	---	266

4.

DAILY CASH SHEET

Cash Receipts		Cash Payments	
Cash Sales	$400	Salaries	$ 400
Credit Accounts	559	Building Expenses	
		Equipment and Furniture	560
		Inventory or Supplies	
		Advertising	
		Other	83
TOTAL CASH RECEIPTS	$959	TOTAL CASH PAYMENTS	$1043

III. Responses to Discussion Questions

1. Secretarial services charge a $5.00 minimum fee because it costs that much just to keep track of the books and to make out the billing forms.

2. The advantage of having credit accounts means you can service large businesses that usually deal that way. The disadvantage is that you have to wait until the end of the month for the cash. This may make it a little harder to pay your bills.

3. Encourage students to offer their own opinions. Someone is a good credit risk if he or she has a good financial position (e.g., a good job) and is reliable (has good personal references or a good credit record).

IV. Group Activity

People who are refused credit many times become very discouraged. They may run out of alternatives. Ask students for times when they were treated poorly in comparison to others. To establish credit, they can open certain bank accounts, obtain an easy-to-get charge card, or buy something on credit (e.g., furniture, or a car). Perhaps a parent, spouse, or friend can co-sign the first time to get the person started.

Unit 9 - Keeping Your Business Successful (1 class period)

I. Vocabulary: profit/loss statement, revenues, expenses, net profit, wholesale, bulk rate

Case Study: Teresa talks about her profit/loss statement. She tells how all her expenses have been going up.

Text: The Profit/Loss Statement
Figuring Your Profit Ratio
How to Raise Your Profits

21

II. Responses to Individual Activities

1.

TWO-YEAR PROFIT/LOSS STATEMENT				
	Year 2		Year 3	
Revenues	$50,000	100%	$60,000	100%
Cost of Goods Sold	1,500		1,800	
Gross Profit	$48,500		$58,200	
Expenses	26,000	52%	30,000	50%
Net Profit	$22,500	45%	28,200	47%

2. Year 3 was better because the amount of profit dollars and the profit ratio were both higher.

3. Raise your prices; lower expenses; expand services; increase your number of customers.

III. Responses to Discussion Questions

1. Owners of secretarial services do not want to go big usually because they don't want to employ a lot of people. There involves increased paperwork, more taxes to pay, and more employee benefits to pay.

2. Encourage students to express their own opinions. Teresa's business is still quite healthy. However, it is important for a business owner to have support at home.

3. Teresa will have to decide whether she would rather dress "properly" or lose customers. Appearance does count to some extent to many clients.

IV. Group Activity

The idea behind this activity is to see if students would like to be the owner of a secretarial service. Encourage students to express their own ideas, and reiterate the fact that there are no "correct" answers.

Summary (30 minutes)

If desired, the Quiz may be given prior to summarizing the module and doing wrap-up activities.

Emphasize major points of the module such as:

- Running a secretarial service is a small business opportunity for a person interested in typing and other business services, but it must be planned and located carefully for it to be successful.

- Previous secretarial and business experience and a genuine liking of people are helpful qualities for a secretarial service owner to have.

- Hiring and keeping top quality secretarial staff is a key part of running the business well.

- Keeping the customers--businesses, doctors' offices, private individuals, etc.--satisfied with your service is also vitally important.

- The needs of your customers and secretarial staff may change over time. Knowing how to analyze the business and to make necessary changes are important ways to keep the business successful.

Remind students that their study of this module was intended as an awareness activity so they could consider entrepreneurship as a career option. Their introduction to the skills required for successful small business management has been brief. They should not feel that they are now prepared to go out, obtain a loan, and begin their own business. More training and experience are necessary. You can suggest at least these ways of obtaining that experience: one way is to work in the business area in which they would eventually want to have their own venture; another is to go to school (community colleges are starting to offer AA degrees in entrepreneurship).

This is a good time to get feedback from the students as to how they would rate their experience with the module. Could they identify with the characters portrayed in the case studies? How do they feel about the learning activities?

If possible, use a final wrap-up activity to help students apply what they have learned in the module. Possible ideas include the following.

- Have students discuss or write about how they see themselves owning a secretarial service now that they know more about it. If time runs short, students could do this on their own time as a means of self-assessment.

- Use one or more of the Group Activities that were not done earlier. (The first one, in Unit 1, "Visit to Class by the Owner of a Secretarial Service," might be particularly appropriate.) Feel free to combine, expand, and adapt the activities so that students can consider a more complete picture of running a secretarial service.

Quiz (30 minutes)

The quiz may be used as an assessment instrument or as an optional study tool for students. If you wish to use the quiz for study purposes, duplicate and distribute the answer key to students. In this case, student achievement may be assessed by evaluating the quality of students' participation in module activities.

Quiz Answer Key

1. Possible responses include: doctors, lawyers, writers, students, small business owners who can't afford a full-time secretary, other businesses that are in a "crunch," private individuals who need typing for a job resume, club, party, etc.

2. Possible responses include: typing skills, knowledge of spelling and grammar, business management skills, and the ability to get along with people (customers and employees).

3. a

4. c

5. a

6. Possible responses include: name of owner and business; type of services provided; location; potential customers; competition; strategy for success (ways to stand out from the competition).

7. c

8. a

9. b

10. $12,500

11. a

12. Possible responses include: competitors' prices; your operating expenses (or your break-even point); your desired profit; how much your customers will pay; special services you offer; and the state of the economy.

13. d

14. a

15. c

16. Customer's name, date, description of work done, amount charged, amount of payment received, amount still due (balance).

17. b

18. a. Net profit = $25,000
    b. Profit ratio = 50%
    c. Expense ratio = 47%

19. Increase sales, raise prices, reduce expenses, expand services.

20. Do more advertising, lower prices, offer special services.

SUGGESTED READINGS

Holt, N., Shuchat, J., & Regal, M. L. Small business management and ownership. Belmont, MA: CRC Education and Human Development, Inc., 1979.

Jeanneau, J. A. Small business management: Instructor's manual (4 vols.). Prince Albert, Saskatchewan: Department of Manpower & Immigration, Training Research and Development Station, 1973.

National Business Education Association. Business ownership curriculum project for the prevocational and exploratory level (grades 7-9): Final report. Reston, VA: Author, 1974.

Nelson, R. E., Leach, J. A., & Scanlan, T. J. Owning and operating a small business: Strategies for teaching small business ownership and management. Urbana, IL: University of Illinois, Department of Vocational/Technical Education, Division of Business Education, 1976.

Rowe, K. L., & Hutt, R. W. Preparing for entrepreneurship. Tempe, AZ: Arizona State University, College of Business Administration, 1979.

GOALS AND OBJECTIVES

Goal 1: To help you plan your secretarial service.

Objective 1: Describe the services, clients, and competition of a secretarial service.

Objective 2: List three personal qualities a secretarial service owner might have.

Objective 3: List three ways that a secretarial service might be special.

Objective 4: List two of the legal requirements you might have to consider before opening.

Goal 2: To help you choose a good location for your service.

Objective 1: List three things to think about in deciding where to locate your business.

Objective 2: Pick the best location for a secretarial service from three locations.

Objective 3: Decide whether your city or town would be a good location.

Goal 3: To help you plan how to get money for your business.

Objective 1: Write a business description for your business.

Objective 2: Fill out a form showing how much money you will need to borrow.

Goal 4: To help you choose the people who work for you.

Objective 1: List the information needed on a job description.

Objective 2: Choose the best person to work at your service from a list of three.

Objective 3: List one quality of a good boss.

Goal 5: To help you organize the work of your secretarial service.

Objective 1: Fill out a customer work order form.

Objective 2: Estimate how long a typing job will take.

Goal 6: To help you set prices for your secretarial service.

Objective 1: List three things to consider in setting prices for your service.

Objective 2: Set prices for your secretarial service after being given certain "facts."

Goal 7: To help you learn ways to advertise and sell your services.

Objective 1: Pick one way to advertise your service.

Objective 2: Design a printed ad for your service.

Goal 8: To help you learn how to keep financial records for your secretarial service.

Objective 1: Fill out a bill for a customer.

Objective 2: Fill out a daily cash sheet that records money coming in and going out of the business.

Goal 9: To help you learn how to keep your business "in the black."

Objective 1: Figure out the net profit, profit ratio, and expense ratio after being given a specific business situation.

Objective 2: State one way to increase profits in a business that is losing money.

Objective 3: State one way to increase the number of clients you have by changing or improving your service.

GPO 791-760/275